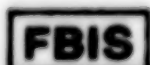


JPRS 76980

11 December 1980

# Near East/North Africa Report

No. 2232



FOREIGN BROADCAST INFORMATION SERVICE

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

11 December 1980

## NEAR EAST/NORTH AFRICA REPORT

No. 2232

## CONTENTS

## AFGHANISTAN

School Girls Shouting Anti-Russian Slogans Shot in Kabul (MASHRIQ, 18 Sep 80).....	1
Mujahidin To Execute Afghan Government Officials (MASHRIQ, 17 Sep 80).....	2
Briefs	
Ministers' Death Reported	3
Russians Use Illegal Weapon	3

## ALGERIA

Debate on Five-Year Plan Reported (EL MOUDJAHID, 24-26 Oct 80).....	4
National Assembly Opens Debate Minister Answers Questions on Plan Planning Minister's Statement	
Party Detractors Criticized by Trade Union Cadre (EL MOUDJAHID, 7 Oct 80).....	17
President Chadli's Comments to Youth Leaders (EL MOUDJAHID, 7 Oct 80).....	19
GDR Delegation Arrives for Official Visit (EL MOUDJAHID, 9 Oct 80).....	21
Briefs	
Military Tribunal	23

## EGYPT

Gradual Increase of Energy Prices Advised (Fu'ad Sultan; AL-AHRAM AL-IQTISADI, 8 Sep 80).....	24
--	----

Increased Energy Prices Seen Detrimental to Certain Investment Companies	
(Ibrahim Sarhan; AL-AHRAM AL-IQTISADI, 8 Sep 80).....	27
Selective Application of Increased Energy Prices Recommended	
(Mustafa al-Awadi; AL-AHRAM AL-IQTISADI, 8 Sep 80).....	31
Expansion of Egyptian Television	
(Mustafa al-Damrani; AL-AHRAM, 4 Aug 80).....	35
Joint Action on Nile Basin Discussed	
(Ahmad Nafi'; AL-AHRAM, 25 Jul 80).....	39
SAUDI ARABIA	
Third Five-Year Development Plan Analyzed	
(AL-NAHAR AL-'ARABI WA AL-DUWALI, Oct 80).....	47

SCHOOL GIRLS SHOUTING ANTI-RUSSIAN SLOGANS SHOT IN KABUL

Lahore MASHRIQ in Urdu 18 Sep 80 pp 3, 8

[Article: "Girl Students Shouting Anti-Russian Slogans Shot at in Kabul; Full Control of Mujahidin Over Large Areas in Afghanistan"]

[Text] Kabul, 17 September (APP/BBC/Radio Report)--Kabul Radi has admitted that heavy fighting was going on between the Russian Army and the Mujahidin at Durra Panjsher. The radio also claimed that a large ammunition store has been captured near Herat. Chinese and American weapons were also found in that storage. Several people in Kabul have been arrested as foreign agents. An international agency specializing in military activities reported that the Russian strategy against the Mujahidin has failed and the Mujahidin have captured large areas in Afghanistan.

According to Radio Kabul, Russian Army attacked a village in Herat area and captured a large quantity of ammunition after killing several Mujahidin. According to the radio report, captured weapons included some of Chinese and American make. Radio Kabul announced that heavy fighting was still going on in Panjsher area. The radio reported that the governor and the commander of this area assured safety of life and property to people. According to a news report hundreds of men on both sides have been killed in the 2-week long battle at Panjsher. The Mujahidin have stopped the movement of Russian tanks with large rocks thrown from the hills. Reports of heavy fighting in Vardak and Lohgarh have been received. Many Afghans have been arrested in Kabul for being foreign agents.

Meanwhile, a senior airman of the Afghan airlines reported that several Afghan girls were shot dead at Kabul. They were demonstrating against the Russian occupation of Afghanistan. Sayyed Abdi, a senior captain of the Afghan airlines, Aryana, told BBC that when the Afghan soldiers refused to fire at the girls in Kabul, armed communists in civilian dress came forward and shot the girls with machine guns. Sayyed Abdi witnessed this incident. He fled Afghanistan immediately after. He said that all these girls did was to shout: "Russians, leave Afghanistan." The Russian officer could not stand it. Another ex-pilot, Zia, said that Russian pilots were flying planes of the Afghan airline. The Afghan pilots who escaped death or arrest have fled the country. Russian pilots have taken over the airline after Afghan pilots stopped working.

7997

CSO: 4203

## AFGHANISTAN

### MUJAHIDIN TO EXECUTE AFGHAN GOVERNMENT OFFICIALS

Lahore MASHFIQ in Urdu 17 Sep 80 p 3

[Article: "56 Armored Vehicles and Tanks Blasted by Mines; 60 Members of Khalq and Parcham Factions Killed, 15 Arrested; Turmoil Among High Officials Fearing Execution"]

[Text] Peshawar, 16 September (PPI)--Hizb-e-Islam group of Mujahidin under the leadership of Engineer Hikmatyar have planned to shoot high ranking officers in the Afghan government. This decision has disrupted the lives of high officials as several officers had already been shot following this announcement. Prominent among these is the death of Mr Bakhtiar, an officer in the Home Ministry.

It was learned that Lughman Province has been besieged for a long time and that the Afghan soldiers decided to join the Mujahidin. However, these soldiers were killed by the Russians who got wind of their plans. The Russian Army attacked the outskirts of Lughman to break the siege but were badly beaten by the Mujahidin after a fierce battle. The Mujahidin captured a large amount of Russian ammunition. The Russian launched this attack from Jalalabad airport. According to another report, Mujahidin of Hizb-e-Islami had planted mines from Malalabad to Lughman thus destroying 56 tanks and armored vehicles. According to reports from Nangarhar, the Mujahidin raided many places and killed several members of Khalq and Parcham factions, captured 15 alive as well as ammunition.

According to AFP, the freedom fighters surrounded the governor's palace and headquarters of the army there at Aibak, capital of Sarangan Province. Even Radio Kabul admitted that the Mujahidin are very active in Baghlan and surrounding areas. According to another report, several homes were destroyed at Dorshika by a Russian air raid. API reports that police in Kabul have been alerted for possible attack by the freedom fighters.

7997

CSO: 4203

## BRIEFS

MINISTERS' DEATH REPORTED--Peshawar, 14 September (PPI)--Last Tuesday at Sayyed Khel in Paktia Province, Mujahidin of Hizb-e-Islami group shot two ministers and two high ranking officers after summary trials. Mullah Mohammed Yunus Khalis, leader of Hizb-e-Islami announced this at Peshawar today. Mullah Yunus' Hizb-e-Islami is an associated group of the Islamic coalition established for Afghanistan's independence. The deceased ministers and officers were: Minister for Frontier Affairs Asif Mohammed; Welfare Minister Nazar Mohammed; Habib Alwasal; and Ihan Mir Prekoti. According to the announcement these people had gone to negotiate with the tribal members of Sayyed Khel. The Mujahidin surrounded them under the leadership of Mullah Jalalal Din Haqani. They were captured, tried summarily, and shot later. [Text] [Lahore NAWA-I-WAQT in Urdu 15 Sep 80 pp 3, 10] 7997

RUSSIANS USE ILLEGAL WEAPON--New Delhi, 16 September (N.R.)--According to diplomatic sources, the Soviets are using AKS rifles, banned by international agreement, against the Mujahidin. These rifles are advanced models of AK-47 rifles. The bullets used in these rifles explode after entering the body; and the victim dies from internal bleeding. It should be remembered that such bullets were used on this subcontinent by the English army during the 19th century and were manufactured at Dum Dum near Calcutta. According to diplomatic sources, the Russian Army is using "needle bombs" in Afghanistan. This bomb shoots needles over a wide radius when exploded, badly wounding people in the area. According to these sources the number of Karmal soldiers has decreased dramatically forcing more and more Russian soldiers to fight against the Mujahidin. According to these sources the U.S.S.R. has taken over administration of communications and English and Soviet newspapers published from Kabul. [Text] [Lahore NAWA-I-WAQT in Urdu 17 Sep 80 p 8] 7997

CSO: 4203



## DEBATE ON FIVE-YEAR PLAN REPORTED

## National Assembly Opens Debate

Algiers EL MOUDJAHID in French 24-25 Oct 80 p 1

[Text] The autumn session of the National People's Assembly, which began last Wednesday, continued on Thursday. Two points were on the agenda for Wednesday's meeting: the adoption of ordinances 80-02 and 80-03 of 13 October 1980 concerning the measures decided on by the government following the earthquake at El Asnam and the suppression of violations of the law committed in connection with the calamity.

The second point taken up Thursday was the presentation by Mr Abdelhamid Brahimi, member of the central committee, minister of planning and territorial administration, on the 1980-1984 five-year plan. Mr Brahimi organized his presentation before the deputies of the National People's Assembly around the "principal elements" of the five-year plan, "the specific contents of the plan, their appropriateness to the solution of current problems, their contribution to the strengthening of medium-term development, as well as conditions for achieving a new stage in development." Speaking of the Algerian conception of planning which takes into account the economic and social realities of the state of development reached by the country, Mr Brahimi stressed that "our planning should be scientific in its preparation, democratic in its elaboration, and mandatory in its implementation."

In his communication, the minister remarked that [begin boldface] "the stakes are high, since we can less and less count on mineral resources to supplement the nation's only permanent resource, labor." [end boldface] The five-year plan aims at the twin objectives whose realization should permit a rehabilitation of the economic situation, which is "deeply stricken by at least two types of imbalances: the first involves our relations abroad and the second our sphere of production and trade." "External balance constitutes a strategic objective of the five-year plan."

The reestablishment of balance at the macro-level of the national economy envisioned by the next plan--also found in the decennial perspective--should guarantee the rehabilitation of the situation characterized by imbalances with damaging consequences, "such as increasing exposure externally, the decline in profits and the apparatus of production, the erosion of purchasing power of the workers, and the exacerbation of social and regional inequalities."

The finality of the "equilibrium of production and trade aimed at signifies that the volume of goods and services produced, their quality, the locale and timing



of their availability, correspond to the social needs, both in quantity and quality, where and when those needs are expressed."

The efforts that will be deployed to reestablish external balance should go hand in hand with the in-depth actions to reestablish internal balance, an objective that is equally strategic. This should be accomplished through measures of "re-organization undertaken at the level of enterprises, of sectoral branches, of the juridico-administrative environment, and of management methods."

With improvement of the efficiency of the apparatus of production, gross domestic product should experience a growth at least equal to 8 percent. In his communication to the National People's Assembly, the minister of planning and territorial administration indicated that per capita income "will go up 4 percent."

"The plan," according to the minister, "puts priority on putting into operation programs and projects that can be put into operation rapidly...." "The strategic objective of investment planning relates to the general structure of the five-year investment program and the substance of the inter-sectoral policies." "It will be necessary," Mr Brahimi was to say, "to ban the precipitous launching of new programs, the anarchic conditions of their entry into operation, and uncontrolled costs and delays."

The question of the private sector and especially its place and role in the national economy was also broached by the minister, who said that "the present situation is far from its [The private sector's] deep and effective insertion into the country's development efforts." "It is fitting," he said, "to specify the juridical framework regulating its activity, its obligations, and its rights in accordance with the "spirit and the letter" of the national Charter."

Decentralization, "understood as the restructuring of the level of decision-making between the central and local authorities," as well as the pivotal role played by the annual plan, were other subjects of the communication presented by Mr Abdelhamid Brahimi.

#### Minister Answers Questions on Plan

Algiers EL MOUDJAHID in French 26 Oct 80 p 2

[Text] The deliberations of the National People's Assembly resumed yesterday afternoon as part of the autumn 1980 session, which began last Wednesday under the chairmanship of Mr Rabah Bitat, member of the Political Bureau, and in the presence of Mr Abdelhamid Brahimi, member of the central committee and minister of planning and territorial administration.

The working session yesterday consisted in the reading of a part of the introduction of the report on the bill containing the five-year plan drawn up by the planning and finances committee of the National People's Assembly, in the intervention of four deputies and in the response to remarks and questions by the minister of planning and territorial administration.

In the introduction to its report on the bill containing the 1980-1984 Five-Year Plan, the committee briefly analyzed the past decade in terms of development in

general, in the course of which several insufficiencies were identified "...nevertheless, at the same time this strategy produced remarkable results in several economic and social areas, it engendered distortions whose negative effects are manifesting themselves more and more sharply in tandem with the profound changes that have been affecting our economy."

"Moreover, the investment effort, as it become more and more massive, increasingly lost ground in coherence and effectiveness. Instead of contributing to meeting objectives of integrated and independent development, it aggravated the inter-sectoral, inter-regional, and intra-regional distortions."

In its conclusion, on the subject of the past decade, the committee states "that beyond the problems born of the rapid and ambitious development of our country, imbalances and serious distortions are affecting our economy. Their resorption is an imperative if we are to reinforce the gains of the revolution and establish our development on durable foundations that will ensure our independence."

In a second part of this introduction, the 10-year prospects set down by the political directorate are reviewed.

The 1980-1984 Five-Year Plan was elaborated on the basis of the results of progress in the 1967-1978 decade and is also set down in a long-term course of which it constitutes the first stage.

The four interventions made after the reading of this part of the report concerned several related points, especially in regard to the human resources demanded by a five-year plan of this scope for its realization. It is believed that mediocrity must be fought and eliminated, for the cadres and the capable men exist. And therefore to translate into reality the expression "the right man in the right job" this must be done. They also all consider that control at all levels is imperative.

It also stressed that realization of the plan is essentially based on the [foreign exchange] reserves procured by hydrocarbons. Which is not a permanent safety net, because this wealth is exhaustible.

In his response to the interventions, the minister of planning and territorial administration emphasized, in fact, the necessity of a clear national policy for hydrocarbons. He also said that the only durable source of wealth in a nation is labor. He also recalled that the five-year plan was drawn up in accordance with the results of the second session of the central committee. Responding to a question concerning agriculture, the minister says that the problems of this sector cannot be resolved in five years. Especially as the finances accorded to the agricultural sector in previous plans had a weak rate of utilization.

The problem of technical assistance was also described, and it was predicted that it will continue to exist in the context of the services linked to production, so long as we do not have access to all the cadres of which our economy is in need.

Elsewhere, concerning emigration, the reintegration of 25,00 emigrants annually is scheduled, said the representative of the government at the end of his remarks, insisting on the improvement of the intensity of labor.

The deliberations of the National Popular Assembly will resume tomorrow morning.

## Planning Minister's Statement

Algiers EL MOUDJAHID in French 26 Oct 80 p 6

(Text) The second day of deliberations of the autumn 1980 session of the National People's Assembly was marked by a communication from the minister of planning and territorial administration. The importance of this communication to the debate in a session basically dedicated to the Five-Year Plan is self-evident.

We publish below, in its entirety, the remarks of Mr Abdelhamid Brahimi, made before the deputies.

### I. Planning and Five-Year Plan

Our economic and social realities, the state of development at which we have arrived, concretely determines the Algerian concept of planning.

In order to avoid misunderstandings and mistakes it is necessary to spell it out afresh by recalling the principal elements.

Then I will proceed, in this presentation intended to constitute a prefatory contribution to your debates, to the specific substance of the five-year plan, its appropriateness to the solving of current problems, its contribution to the strengthening of medium-term investment, as well as conditions for realizing this new stage.

We begin with what our planning is not.

--It is not a grab-bag of projects here and there with precisely calculated costs and with scarcely noticeable effects on the development of the national economy.

--It is not a speech justifying the status quo by reflecting the spontaneous workings of real forces on the economic and social terrain.

### Preparation of the Plan: A Political Task

As a unitary system for guidance of economic and social development, our planning, as prescribed in the National Charter, must be "scientific" in its preparation, DEMOCRATIC in its elaboration, and "mandatory" in its implementation.

The five-year plan, submitted today for your discussion and approval, has followed, I should say for the first time in our history, the threefold criteria laid down in the National Charter. A faithful expression, in the economic and social domains, of the political determination to advance Algerian society, by removing obstacles and facilitating the deployment of the constructive energies of all the social forces of the revolution, this plan is based on analysis of the complexity that characterizes our economic and social realities today.

The balance-sheet for the decade past constituted an objective starting point from which the strong points of our development were identified and weaknesses brought to light.

Its lessons are integrated into the five-year plan.

This balance-sheet and the rough draft of the five-year plan were at the center of numerous exchanges of views in various fora, culminating in the holding of sessions of the Special Congress of the FLN [National Liberation Force party].

In theory, even more participation and democratization could have been implemented. In practice, it suffices to recall, in order to put the process into context, that the preparation of the review and the five-year plan, over which were superimposed the current activities, took less than a year.

It is also important to take due notice of the new fact that the preparation of the plan has ceased to be an administrative labor conducted by a small coterie: it has become fundamentally a political labor, in accordance with the directions of Brother Chadli Bendjedid, President of the Republic, Secretary General of the FLN.

This last fact all by itself should guarantee the implementation of the plan and thus promote its "mandatoryness." One must not, however, put too much reliance on mechanical effects and, by consequence, it is important to move ahead altogether energetically to mobilize all available elements to contribute to the complete success of this plan.

The stakes are high, as we can less and less count on mineral resources to supplement the nation's only permanent resource (one cannot state this too often): labor.

The overarching idea of growth, in large proportions, of production and productivity in the years to come pervades the substance of the five-year plan through and through; here now are the main elements.

Think Through the "Logic" of Extroversion

## II. The Substance of the Five-Year Plan

As I have already suggested, this plan is continuous with the past, when it aims at consolidating and broadening the economic and social gains made to date. At the same time it looks ahead to the future by moving to rehabilitate the situation and reestablish the overall balance of the economy.

It is also found in a 10-year perspective which envisions, starting in 1985, putting into operation programs and activities, in line with the increasingly numerous and complex needs, on sound foundations and by virtue of the harmonious functioning of our economic apparatus.

The overall [lines of the] economic policy are followed, and the values assigned to the indicators of growth and development constitute the first category of the contents of the plan. The second category specifies the tools required to attain these objectives. For purposes of clarity of exposition, I will lay before you these measures only in the third place [sic], keeping in mind however that the success of their operation will depend in a decisive way on the success of this plan and the pursuit under satisfactory conditions of economic and social development.

Our present economic situation is stricken profoundly by two types of imbalance at least: the first is our relationship with the exterior, the second our [domestic] sphere of production and trade.

These imbalances are not only the subject of academic interest: they entail the unleashing of especially harmful effects (illegible) as the increasing exposure to the outside, the decline of profits, of the apparatus of production, of the purchasing power of the workers, and the exacerbation of social and regional inequalities.

To be convinced of this it is enough to think of the effects on people's behavior of an inflationary spiral if it was maintained for too long...or again let us try to think through the "logic" of extroversion.

Without the shadow of a doubt the fundamental imbalances from which our economy suffers must be vigorously fought as soon as possible.

The Five-Year Plan retains this objective clearly and precisely, and moreover in a way which specifies that the reestablishment of balance will be effectuated on a larger scale, or in other words at levels that far from reducing the growth rate will amplify it.

Excessive recourse to outside sources, and one of its corollaries, excessive indebtedness, constitutes one of the most important (illegible) of the plan. The relative weight of both the first and second ought to be reduced.

As you may recall, at the end of 1979 contracted debt rose to more than 111 billion Algerian dinars, the mobilized debt to more than 67 billion dinars, and debt service to more than 14 billion dinars, just for 1979 alone. One must also keep in mind the fact that the present debt will necessitate, for (debt) service alone, almost 80 billion dinars during the five-year period.

#### External Balance, A Strategic Objective

What will one have to do to remedy this situation?

Obviously, it is important for the mobilization of new external credit to be strictly contained and orchestrated, as to speculators, as to money markets we consider, and above all as to economic operations eligible for external financing.

In this latter area, our margin for maneuver is certainly not insignificant. In fact, systematic preferential recourse to the internal market should become eventually the rule. It will be supplemented by recourse to the external markets only in case of strictest necessity.

More precisely, the Five-Year Plan anticipates a growth rate in real terms of imports of goods and services on the order of 6 percent per year, or approximately one-third of the growth logged during the last plan. If the rate of 6 percent deducted accurately reflects the effort at reducing excessive recourse to the outside, it does not in any way fetter the steady progress of the economic and social apparatus.

In fact, the category of semi-finished goods will grow at a rate of more than 9 percent, food sector consumer goods at more than 5 percent, and industrial consumer goods at more than 8 percent.



Special mention should be made of the rate of importation of equipment goods, expected to be kept to 4 percent per year. This level is explained, technically, by the volume of social investments in the plan, and therefore of investment which have small import contents, and of course it presupposes substantial resort to our own capacities, of conception, realization, and production. That is to say [it presupposes] the economic value attaching to mobilization of national capacities and the flourishing of their creativity.

External balance is a strategic objective, taken fully into account in the five-year Plan.

However, the activities described in this domain remain inadequate if not supported by actions to be taken in the field of internal balance, that is, in our production and trade.

As everyone knows, under-utilization of production capacities, inadequate productivity, insufficient suppleness of economic supplies, constitute characteristic aspects of our present situation. The five-year plan intends to alleviate this through two series of moves: schematically, actions of habitual type, including investments and reorganization moves, undertaken at the level of the enterprise, the branch, the sectors, the juridico-administrative environment, and management methods.

I will have occasion to return to these questions in a moment. I would now, however, like to stress the fact that even investment moves to "revitalize" production capacities should be totally linked to concrete objectives and thus be fully prepared before being launched.

The balance of production and trade that this plan aims to reestablish means at bottom that the volume of goods and services produced, their quality, the locale and the time of their availability should correspond to social needs, both in quantity and quality, where and when these needs are expressed.

#### Protecting the Purchasing Power of the Poor Masses

This question by itself should reveal that the dynamism of the internal balance is far from being remediable just by additional doses of more and more massive investment.

New and large dynamics are to be impressed on production of goods and services; while insuring the increase of income, they will also permit the attenuation of inflationary tendencies and their train of exacerbated social inequalities; they will contribute to moderating the phenomena of penury, which are profound factors for social instability.

These two evils, inflation and penury, hit and discourage the whole laboring class, how well we know it, and this is why we are devoting our best efforts to struggling against them.

We should also know that the struggle against inflation and its other form, want, is a long-term struggle which requires the contributions of all of us. Ubiquitous phenomena, they require in reality ubiquitous action.



Under these conditions, the five-year plan has kept as necessary and possible an annual growth in gross domestic production of more than 8 percent in real terms.

These [begin boldface] minimum target [end boldface] growth rates are explained, in the first place, by an enlargement of the work force by more than a million persons in the period: it is also explained, and above all, by growth in productivity that is both substantial and realistic, because premised on reduction in idle capacity, better qualified labor, moves to reorganize the economy, improvement of the quality of supervision, etc...

Because of the expansion of jobs and better-qualified labor, income will grow at a rate of 7.5 percent, just slightly inferior to the growth rate of the gross domestic product.

The growth of per capita income will exceed 4 percent and create the objective conditions for the formation of real savings, useable for the formation of household capital, especially for at least the partial financing of their habitations.

Household consumption will undergo structural transformations relative to development (relative reduction in food spending, relative growth in the percentage spent on durable consumer goods, leisure, culture, etc...)

More specifically, the purchasing power of disadvantaged groups will continue to be protected, whether by the present policy of stabilization of the price of basic necessities, or through a more selective policy addressing more directly the concerned groups in the population. Our irreversible socialist option still impels us to tie improvements in living conditions, especially those of the groups in the population who are still disadvantaged, to improvements in production.

For in order to achieve the objectives described, especially the reestablishment of the fundamental balance of the economy, action must be grounded as much on progress in rehabilitating the reorganization [sic] as on the nature and content of the investment programs to be undertaken.

#### The Investment Program: A Double Necessity

The expansion of national capacities and the improvement of their social and economic effectiveness, is the most important condition required for success in meeting the objectives, and for the realization of the ambitious investment programs called for.

In reality, the proposed volume of 400 million Algerian dinars of investments as well as the structure of this program reflects a double necessity.

In the first place, it is a question of response to the most important social exigencies, in order at length to arrive at high-quality training for the new generations, at satisfactory housing and health conditions, and continuous improvement in the standard of living of broad classes of the populace.

In the second place, it is appropriate to meet the preparatory conditions for long-term growth, continuous and durable, in national resources, the only real guarantee that the increasingly greater economic and social needs of increasingly varied kinds

will be satisfied, and the only guarantee of the (continued) strengthening of the economic independence of the country.

Therefore, the programming of anticipated investment activity has fully integrated this double aim.

Top priority in these new activities goes to strengthening the apparatus of existing production, to making it yield its full value, and to the creation of all levels of new capacities of achievement, making possible the attainment of levels of costs and time-factors the national economy can sustain.

Similarly, the plan puts special emphasis on putting into operation programs and projects which are rapidly realizable, and which will promote the attenuation of the most lively social tensions and the gradual correction of imbalances in the functioning of the economy.

Beyond these urgent measures, a large place is given in the same way to the completion of projects now in the works, to the launching of big investment projects destined to lay the groundwork for the future in strategic fields.

However, freedom of maneuver--with respect to the amelioration of the intersectoral structure of investments--is significantly reduced by the scale of programs already committed.

They reach at the start of the plan nearly 200 billion Algerian dinars; nevertheless, a significant part of actions already pledged, notably those concerning social programs and collectives, is suitably inscribed in the objectives of the Five-Year Plan and requires only minor adaptations to new conditions of maturation and realization of the programs.

Under these conditions, the organization of arbitrations and decisions on the new activities will be decided, throughout the duration of the plan, by the coherence of objectives with resources, the quality of the programming and the maturation of projects, and their extent of participation in the most important objectives.

The structure of the investment program which accords 32 percent to social equipment and collectives, 23 percent to the industrial sector, 15 percent to hydrocarbons, 12 percent to agriculture and hydraulics, 9 percent to economic infrastructure, and 8 percent to means of realization and transport equipment, thus reflects the constraints foreseen and the objectives set.

#### Develop Concrete and Operational Mechanisms for Managing the National Economy

One must guard against hasty interpretation of these figures which do not [fully] express, in certain sectors such as agriculture, hydraulics, and economic infrastructure, the scope of efforts to be made and the ambitious goals set for them. For example, the development problems in hydraulics lie not so much in the massive injection of investments over a short period, but more in the identification and putting into operation of programs better adapted to its consolidation and development.

In fact, the big hydraulic programs can only be justified if one realizes their true importance in terms of the profitability of existing dams (siltation, the recovery of potentially irrigable lands), reduction of losses in the system, which amount to about 50 percent, development of small and medium [-size] hydraulics, and the putting into place of capacity to give permanent support to the hydraulic effort over a long period.

In this context, respect for the general structure of the five-year investment program and the substance of the sectoral policies constitutes the strategic objectives of the investment planning. Also the estimates on expenditure authorization in financial terms should not be taken as being in themselves goals of the plan's operation: they depend, in reality, as well on the relative progress of the different sectors in mobilizing human and material resources, and on increases in costs and prices throughout the economy.

It will also be necessary to ban the precipitous launching of new programs, the anarchic conditions under which they are set up, and uncontrolled costs and delays.

And, finally, in order to increase the economic and social effectiveness of the investments to be initiated, it is becoming imperative to develop intersectoral and regional coordination of programs and projects.

The distribution of tasks and prerogatives in matters of deciding on the maturation and guidance of projects will guarantee the diffusion of responsibilities at all levels.

In a general way, the proposed plan which is submitted to you lays special stress on a smaller number of strategic parameters the maintenance and control of which largely conditions the success of the economic policy pursued.

Such an approach is all the more opportune as the profound changes expected in the functioning of the economy added to uncertainties on the international economic scene, make detailed normative [numerical] targets--which pretend to regulate economic and social activity in all its categories, over a five-year period--arbitrary and rapidly obsolete.

Under these conditions, the task of developing concrete and operational mechanisms of managing the national economy, and organizing the putting into operation of detailed sectoral activities, devolves upon the Annual Plans, on the basis of the real results in execution of the National Plan.

#### Poorly Adapted "Organizational Patterns"

### III. Guarantees of Success of the Five-Year Plan

The five-year plan proposed for your approval has been described in certain places as ambitious.

Does it not, in fact, pursue tasks difficult to accomplish, indeed impossible for some?

Does it not try, in fact, simultaneously, to reestablish external balance, permanent sources of acceleration of material growth, and resolutely to undertake the

action of reducing deficits in the satisfaction of collective needs, whose role in the flowering of humanity, called for in the National Charter, is well recognized?

On balance one must recognize that this plan, the expression of a clear and determined political will, has chosen to resolve the real problems facing the country not only today but in the longer term, and it has chosen, in order to do this, to have recourse not only to easily manipulatable tools but also to those difficult to mobilize and put into operation.

I want first of all to speak of activities or reorganization of our economic apparatus of production of goods and services.

I want to speak of the necessity of reduction of costs throughout the national economy, and more particularly in the domains of high "social sensitivity" such as housing, construction of schools and health units, municipal water supplies, to cite only these fields.

I would like in the third place to speak, in the context of the intensive utilization of our production potential, of the role and place of the private sector, and how it should be defined and organized.

Decentralization of the process of decision-making toward enterprises and regions will lead me to put emphasis on the growing confidence being placed in the initiatives, coordinated at the base [sic]. It is true that much is expected of this decentralization, an authentic foundation of the effective democratization of economic and social life.

The majority of our enterprises in production of goods and services function under far from satisfactory conditions. One of the most striking lessons learned from the review of the decade dealt in fact with their inadequacies with respect to financial profitability, and even with respect to economic and social profitability.

From this situation flows the impossibility of "generating" resources sufficient for the replacement and modernization of the instruments of production. Among the objective causes of this state of affairs, organizational inefficiency stands in the first rank. In truth, "organizational patterns" invented about 1967-1968 continue today to control our enterprises. But it has become obvious that these "organizational patterns" are no longer well adapted to the new and intense developments of our enterprises. In a more concrete way, it is recognized that the initial polyvalence of our enterprises tends to become dispersion, that their large size becomes stolidity, and that the centralization which enabled them once to control the parameters of their development has become today bureaucratization and an inhibiting factor.

We will have the opportunity, within the five-year plan, to present to you in detail steps bearing on the differentiated reorganization of enterprises intended to make them more flexible entities, of more manageable size, and responsive to the pull of demand under conditions of cost, quality, and timeliness in all respects better adapted than those which exist today.



#### Decentralization: Authentic Restructuring of Levels of Decision-Making

It is in this context that questions relative to the financial structure of enterprises can be and should be examined. The financial restructuring, to be brought about in the larger context of the restructuring of enterprises, characterized mainly by clarification of missions and levels of decision-making, will also result in the definition of controllable cost centers.

Thus, our units will be better armed and motivated to act in a meaningful way on their real costs and thus on their productivity.

Present cost conditions, as well as today's level of productivity, are certainly untenable on average and over time. Indisputably they threaten the realization of programs of very large social impact whose importance to the overall efficiency of the economy is primordial.

The overall efficiency of the economy is the fundamental axis of this Five-Year Plan, beyond any considerations inspired by abstract schemes or schemas from basic empiricism, because accepting the reality of the environment such as it is.

It assumes full utilization of the national potential for production of goods and services.

The mobilization of all capacities of production called for by this plan, public and private production capacities, constitutes an indispensable condition for realization of the totality of objectives of this plan.

It is, in fact, to define, in accordance with the spirit and the letter of the National Charter, the role and the place of the private sector.

This latter should no longer continue to develop itself practically in the absence of any juridical framework that would regulate its activity. It is vital to define precisely what are the obligations of the private sector with respect to national development, economic and social, just as it is necessary to define what are its rights.

It is clear that the present situation of the private sector is far from supporting its deep and effective insertion into the country's development efforts. To say the least, the non-mobilization of private savings, especially small private savings, for the exclusive benefit of production, has engendered among other negative effects, the unhealthy growth of parasitic activities and investments are either sterile (hoarding) or speculative.

On another level, the mobilization of regional potentialities in service both of diffusion of sources and of the fruits of development gives to decentralization a special dimension.

Though the policy of territorial administration must be understood in terms of long-range perspectives, the totality of activities already anticipated in this plan favors, collectively, reductions in regional imbalances.

Decentralization can be understood as the authentic restructuring of levels of decision-making between central and representative local authorities; it should also

lead to the effective cooperation of local collectivities and enterprises by virtue of the availability of resources in the decision-making process: in all cases, decentralization aims in this plan at the eminently political objective of widening participation in the work of development and, beyond that, at the promotion of man, to which the National Charter gives central importance, as all of us know.

#### The Pivotal Role of the Annual Plan

It must be clear that an objective of such scope, because it constitutes the climax of all successful development progress, cannot countenance in any way demagogic positions.

We have taken note of the ephemeral character of mineral resources in the dynamization of development; this awareness leads us back to the only permanent resource the country has, its labor capacity.

On its quantitative and qualitative development, which is improving through the training dispensed, depends basically the pace of growth capable of being achieved and maintained in the middle and long term by the Algerian economy.

The five-year plan is closely in line with this ambition.

It goes perfectly into our concept of planning which rejects rigid schemas and laxistes [translation unknown] forms of action with respect to economic and social realities.

The reduced number of strategic parameters retained includes investments in the most efficient structure possible, taking into account the available freedom of maneuver: it integrates the far-reaching steps of reorganize the functioning of our economic apparatus, in order to improve its technical performance and to increase its social benefits.

The necessity for authentic and continual control over the evolution of our economy, the scale of changes expected, the uncertainties in the external environment, determine the pivotal role given to the Annual Plan. Indeed the nature of the latter is profoundly changed from a simple arithmetical slice of a national development plan into a powerful tool of organization and hierarchialization of the actions contained in the five-year plan, on the basis of the results recorded and the obstacles encountered.

The totality of objectives and resources, their connections, would remain no more than an idea if our capacity to work were not mobilized to the greatest possible extent.

These work capacities constitute the ultimate motive force for economic and social development. Nothing durable can be undertaken when they are faltering or kept down to mediocre levels.

In conjunction with the numerous and varied measures which this plan will put in place to stimulate and reward productive efforts, it will be fitting, beyond the sphere of economics per se, to create all the [necessary] conditions so that labor will appear as the exclusive source of the wealth of the nation and the foundation of the improvement of the living conditions of the citizens of this country.

(Sub-Titles By The Editors)



PARTY DETRACTORS CRITICIZED BY TRADE UNION CADRE

Algiers EL MOUDJAHID in French 7 Oct 80 p 1

[Article by K.B: "Reckonings" ]

[Text] Trade union cadre have denounced destructive elements that are trying to disseminate doubt among workers.

The problem is therefore to find out who these elements are, who is manipulating them and insidiously spreading rumors intended to undermine the morale of the working classes and their trust in the political administration, and to turn worker opinion against the comprehensive program of correction and reorganization resulting from the special FLN congress: we recall that this congress, on the initiative of President Chadli, was a real forum of responsible democracy, during which an uncompromising evaluation was made. Antinationalistic practices were also denounced, along with deviations likely to threaten the achievements of the socialist revolution.

The notable events in Algeria in 1980 certainly gave cause for reflexion on the part of those who "have betrayed the trust and squandered the property of the people." The first files to be opened by the Accounting Office, the responsible debates over the supervision that the People's National Assembly will have in future, the social measures taken in favor of the workers and the most disadvantaged levels [of society], the process of strengthening party structures and the mobilization of mass organizations on the basis of true representativity of the militant grassroots, in short, the leading role that the National Liberation Front expects to assume, basing its ideas faithfully on the orientations of the National Charter and the resolutions of the Extraordinary Congress of the party -- all this gives rise to uneasiness and anxiety.

Bearing in mind prospects such as these, in which responsibilities are clearly defined -- for individuals as well as for institutions -- one can understand why people are becoming nervous and why anxiety is appearing in some circles. A reckoning will have to be given sooner or later. That is the whole strength of the mass-mobilizing FLN that has led us to victory.

But the rub is that it is within the very system of elements to which the revolution entrusted responsibilities, and which are becoming the most ferocious inquisitors of the social progress policy concretized in the country.

Stupidity is not a characteristic exclusive to the ignorant. It gets serious when it is exercised through the deeds and words of these professionals who are no longer even grateful for their living, nor conscious of belonging to a state which has raised them to such a status level that they confuse "freedom of speech" and antinational denigration that could conceal many flaws [as published]....

These people do as much harm in their circles as all the harmful elements incapable of conforming to the model of society that the people have decided to build.

12149  
CSO: 1400

## ALGERIA

### PRESIDENT GHADLI'S COMMENTS TO YOUTH LEADERS

Algiers EL MOUNDAHID in French 7 Oct 80 p 1

[Report on President Ghadli's remarks to members of the national secretariat of the National Union of Algerian Youth, at the presidential palace on 6 October 1980: "Grassroots Representativity in Every Organization Guarantees the Success of Democratic Dialogue and the Broadest Mobilization"]

[Text] Algiers (APS)--Ghadli Bendjedid, president of the republic, party secretary general, received the members of the national secretariat of the National Union of Algerian Youth at the presidential headquarters on Monday afternoon.

The meeting took place in the presence of the members of the Central Committee, Mohamed Cherif Messadia, official of the permanent secretariat of the Central Committee, Monieddine Animour, counselor at the presidential palace, and Ahmed Sbaa, head of the department of mass organizations.

After welcoming the youth representatives, the president of the republic invited the secretary general of the union to speak, and he made a brief presentation on the organization's activities.

The majority of the members of the secretariat reaffirmed, in their comments, the commitment of youth to the socialist choices defined in the national charter and their cooperation with the administration of the country to make sure of further achievements.

The youth representatives also denounced the speculation engaged in by certain foreign press correspondents concerning their activities and the positions they have adopted.

The president of the republic spoke at length on his conception of the role of youth in a country where the percentage of young people exceeds the average of 60 percent of the population as a whole. In particular, he stated: "The post-independence generation is the link between the November generation and those to come. So it must assume great historical responsibility.

As for its leadership, it owes it to itself to acquire unity of ideas, coherence of work, and coordination of effort.

If the independence generation assumes responsibility for the continuity of the revolution, I must say in all candor, you will reap tomorrow whatever you sow today. I am sure that you are measuring the full range of your role in building the new society, firmly attached to the authenticity of its past and open to the experiences of the world."

After stressing the characteristics of the society that the Algerian people hopes to see developed, and the importance of patriotism as a factor in building a socialist society, in conformity with the national charter and Arab-Islamic values, the president of the republic stated: "Our concept of cultural revolution includes all historical, civilizing, and social facts. It cannot be a narrow concept limited to education or the arts. We are firmly convinced that the overwhelming majority of our youth is fully aware of its role in history."

The president of the republic particularly emphasized the hopes placed by the revolution on sincere Algerian university youth proud of its history. And he also expressed his deep respect for youth in national service and the efforts they constantly make in building the country.

The party secretary general then stressed the importance placed by the National Liberation Front on mass organizations, emphasizing particularly the sincere representativity of the grassroots throughout each organization, "for," he said, "that is the guarantee of the democratic dialog that leads to shared conviction in decision-making and will consequently assure broader mobilization for applying this decision. Now, that cannot occur if the organization's leadership is not the sincere expression of its constituency."

On the subject of certain issues of national concern, the president of the republic indicated that the administration's main concern is to work, as a priority, to solve the day-to-day problems of citizens. "This is the area," he added, "to which belong certain decisions recently made concerning housing, water and bread supplies. Other decisions are being made about spare parts that interest citizens and affect economic enterprises in a general way. They also concern the development of professional training with a view to training the maximum number of technicians needed by the country."

After stressing the importance of the role to be played by harmonious, united youth, and the efforts that party organizations must make to consolidate its activity, the president of the republic again expressed the confidence of the political administration in aware and committed youth to work according to the will of its people and the objectives of the revolution.

At the end of the meeting, the president of the republic wished the youth representatives all success in their task.

## ALGERIA

### GDR DELEGATION ARRIVES FOR OFFICIAL VISIT

Algiers EL MOUDJAHID in French 9 Oct 80 pp 1, 3

[Excerpts] Algiers (APS)--Horst Sindermann, member of the Politburo of the Central Committee of the Socialist Unity Party, president of the People's Chamber of the GDR and vice president of the Council of State, arrived at Houari Boumediene International Airport for a 7-day official visit to Algeria at the invitation of Rabah Bitat, political bureau member and president of the National People's Assembly

On leaving the aircraft, Mr Sindermann was greeted by Rabah Bitat Djelloul Melaika, central committee member and vice president of the People's National Assembly, and by assembly deputies.

In a statement to the national press, the president of the People's Assembly of the German Democratic Republic expressed pleasure at the friendly and cooperative relations linking Algeria and the GDR.

After expressing his great pleasure in responding to the invitation extended by the president of the National People's Assembly for him to make an official visit to Algeria, Mr Sindermann said that he was particularly pleased to continue with his Algerian counterpart the talks already begun in Berlin and Algiers. "That first meeting," he stressed, "is proof of the very close relations that exist between the two peoples."

"I particularly want to take this opportunity," he continued, "of transmitting the warmest greetings of the people of the GDR to their friends the Algerian people."

The vice president of the Council of State of the German Democratic Republic then paid homage to the liberation struggle waged by the Algerian people for its national independence, before mentioning that his talks will concern the strengthening of bilateral relations and topics of mutual interest.

Touching on the international situation, Mr Sindermann alluded to the pockets of tension that threaten world peace and the arms race started by the



imperialist powers. "That is why we shall discuss these problems to be able to finalize our positions and our activities," he said.

After pointing out the increasing growth in the development of bilateral relations in all areas, Mr Sindermann expressed the hope that relations would become even deeper and farther reaching in the interests of both peoples, a task that both parliaments will help to bring to a successful conclusion.

In conclusion, Horst Sindermann stressed that this visit will certainly make it possible for him to become better acquainted with Algerian development and to draw the bonds of friendship uniting the two countries even closer.

Last evening at the governmental palace, prime minister Mohammed Abdelghani, member of the Central Committee of the FLN Party, received the parliamentary delegation of the German Democratic Republic, led by Horst Sindermann, member of the Political Bureau of the Central Committee of the Unified Socialist Party, president of the People's Assembly, and vice president of the Council of State of the GDR.

The interview was an opportunity to examine the bilateral relations of the two countries and international problems of mutual interest.

Djelloul Melaika and Mohammed Yala, central committee members and vice president of the people's assembly and minister of finance respectively, were present at these talks.

Mr Sindermann leading a large delegation, was accompanied by Djelloul Melaika, vice president of the APN [People's National Assembly] and by members of the reception committee accompanying the president of the People's Assembly of the GDR during his official visit to Algeria [as published].

Algiers (APS)--The GDR parliamentary delegation on official visit to Algeria includes in particular Manfred Clauss, deputy of the parliamentary group of the SED [Socialist Unity Party of Germany] and vice president of the permanent commission on national education; Otto Fiedler, deputy of the Democratic Peasant Party of Germany (DDB) and member of the permanent commission on agriculture, forestry and the agro-alimentary sector; Ulrich Fahl, deputy and vice president of the parliamentary group of the Christian Democratic Union and member of the permanent commission on defense; Joachim-Ernst Gierspecq, deputy of the parliamentary group of the Liberal Democratic Party of Germany (LDPD) and vice president of the permanent commission on citizens' requests; Erhard Conscher, deputy of the parliamentary group of the Liberal Democratic Party and vice president of the permanent commission on industry, construction, and transport; Mrs Margot Pschebizin, deputy of the parliamentary group of the Federation of Free German Trades Unions (FDGB), and member of the permanent commission on parliamentary regulations.



## ALGERIA

### BRIEFS

MILITARY TRIBUNAL--Ouargla (APS)--Lt Col Hocine Ben Maalou, member of the Central Committee, commandant of the 4th Military Region, inaugurated a military tribunal at Ouargla on Sunday morning. The inauguration, which took place in the presence of the civil and military authorities of Ouargla governorate and the region's superior officers, was to be followed by the ceremony of installation of the magistrates. [Text] [Algiers EL MOUDJAHID in French 7 Oct 80 p 3] 712149

## GRADUAL INCREASE OF ENERGY PRICES ADVISED

Cairo AL-AHRAM AL-IGTISADI in Arabic 8 Sep 80 pp 24-25

[Article by Fu'ad Sultan: "Open-Door Policy Production Is in Danger and Reason Is Energy Prices"]

[Text] Regarding the energy problem and its effects on the open-door economic policy projects, AL-AHRAM AL-IGTISADI has addressed the question to Fu'ad Sultan, chairman of the Board of Directors of the Egypt-Iran Bank, considering that the bank owns a big project for the production of clay bricks and that this project has almost come to a halt because of the rise in oil prices. Sultan has said:

There is no doubt that it is the duty of every official and every economist to work to eliminate the flaw in the national economy at present, especially in the price and cost structure which contains a direct or concealed subsidy in the form of energy prices lower than the international prices. These low prices affect consumption, saving and the proper use of the relatively limited resources. However, this cannot be done on the basis of discrimination against a certain production sector in society but through applying the increase [in fuel prices] to all the production sectors in society, or at least to a complete production sector without discrimination between the various production units, so as to prevent the creation of a black market for oil derivatives--a black market which will lead to further imbalance in society. This is in addition to the fact that discrimination in this regard against the investment sector will weaken, if not completely destroy, this sector's competitive ability in the local markets, not because of technical inadequacy but because of a decision made by the political authority. It cannot be said that the rise in costs is countered by the tax exemption enjoyed by the investment companies because this exemption applies to profits only and, in this case, there is big doubt as to the ability to realize profits.

Fu'ad Sultan adds that correcting the flaw resulting from numerous accumulations during the period of the closed-door economic policy under which we lived cannot be realized all at once. The correction must be made in phases so that the rise in costs may be compatible with the rise in incomes and so that such a sudden rise in the price levels without a parallel rise in wages and incomes may not lead to damaging social consequences.

An actual followup on the effect of the rise in fuel and energy prices on the already existing projects, especially the projects in which fuel is one of the main production components--as is the case in all industries producing construction components--shows that all these companies are suffering from an enormous rise in production costs that

puts them out of competition and, consequently, exposes them to vast losses that will inevitably lead to liquidating them, especially since the economic feasibility studies for the already existing projects were prepared on the basis of the conditions prevailing in the market at the time of their foundation, meaning conditions concerning the structure of costs and of the prices of the final product in light of the general income level and, consequently, in light of society's absorption capacity. For example, the increase in fuel prices has led to raising the production cost of 1,000 bricks of desert clay--considering that this industry is the ideal alternative to the red brick industry whose production relies at present on scraping off top soil from arable lands with all the grave consequences of such a practice, a practice which has not stopped despite the law incriminating it because there is no substitute to the Nile silt--from 20 to 40 Egyptian pounds. This undermines the project's competitive ability, considering that red bricks are sold for 30 pounds only [per 1,000 bricks]. Thus, the increase in fuel prices has killed this vital industry while still in the cradle.

Fu'ad Sultan further adds that the matter requires that the government reconsider its oil policy vis-a-vis the open-door policy companies in a manner that realizes the public interest. In his view, what is required--and what has been unanimously demanded by the investors conference--is to unify the energy (fuel and electricity) prices applied to the production sector, regardless of its ownership (public sector, private sector or investors). We have no objection to moving the energy prices upward gradually for all (public and private sectors and investors) to reflect the cost of the alternative opportunity [sic] in a manner that does not affect the state economy and that leads to the proper use of the resources within a reasonable period, let us say 5 years.

If this is impossible to do for one reason or another despite the grave harm it means to investment and to the ability of the new projects to compete, then we recommend that the international energy prices be applied to the companies that were notified in the permits given them by the Public Investment Authority that they would be treated according to the international energy prices. We also recommend that the decision not be retroactive.

However, because such discrimination will curtail, if not stop altogether, any new investments, especially in the sectors of construction materials, construction, ceramics and food security, it may be necessary to exclude the companies producing construction materials from this decision and to extend equal treatment in energy prices to new investments in these sectors, especially in the clay brick industry, so as to put an end to scraping off arable top soil and in order that the implementation of this law may not lead to raising housing costs.

If it is possible to apply the international energy prices to the companies whose permits call for the application of these prices, then fluctuation in the international energy prices applied to these companies must be narrowed so that the price prevailing throughout the year may at least be set at the beginning of the year to enable the companies to determine their price policy throughout the year in light of the costs. Changing energy prices every 3 months to reflect the change in the international energy prices is extremely damaging to the production and marketing programs.

Fu'ad Sultan concludes by saying that unless the decision discriminating against the investment companies is reconsidered, this decision will cause the local and foreign

private sector to refrain from investing in production projects at a time when the open-door economic policy has begun to bear fruit in terms of the turn by investors toward the production sector, in addition to the services sector, as a result of the stability of the political and economic factors--a stability which realizes for Egypt an open-door production which is the only path toward real development.

8494

CSO: 4802

# INCREASED ENERGY PRICES SEEN DETRIMENTAL TO CERTAIN INVESTMENT COMPANIES

Cairo AL-AHRAM AL-IQTISADI in Arabic 8 Sep 80 pp 20-22

[Article by Ibrahim Sarhan: "Problem of Energy Prices in Egypt; Energy Pressures on Open-Door Policy Companies"]

[Text] Some say that sale by the government or by the production units whose pricing is subject to government control of their products at prices lower than the international prices constitutes an indirect subsidy for the consumers of these products and that equating local prices with the international prices is the right policy. This is said on the basis of what has been implanted in the minds as a result of the continued deficit in the general budget, namely that the subsidy constitutes a burden to the national economy.

To start with, we must point out that the generalization that it is necessary to equate local prices with the international prices of the goods exchanged at the local markets is something that is not acceptable economically. We must also point out that the generalization that subsidies always constitute a burden to the national economy is also something that is unacceptable economically.

To put it in detail, determining the price policy of the goods exchanged in the local markets must start with a differentiation between the local commodity and the imported commodity. Regarding the first kind, i.e. the local commodity, it is acknowledged economically that the rules for setting the prices of a locally produced commodity are different from the rules for setting the prices of imported commodities or the commodities in which imported products constitute a large part. The costs of the production of local goods and, consequently, their prices are determined according to the nature of the distinctive production circumstances of a country. Considering that the characteristics and nature of these circumstances are different in different countries of the world, it is natural that each country is distinguished by the production of a number of commodities whose prices are lower than those of similar commodities in other countries. This is how international trade started. Here is where the danger of the statement on the need to adopt the international prices as a basis for setting up the prices of all the locally produced goods becomes evident. Setting the prices of the locally produced goods should be done in accordance with the costs of their production and of the local and foreign demand for them. It is expected that the interaction between the changing economic factors will lead the national economy to produce a number of commodities whose prices are lower than those of similar commodities in foreign countries. This realizes a double-edged advantage to the national economy. On the one hand, if the low price of the commodity is due to low labor wages, then the success of the national economy in producing this commodity and in selling it at low prices compensates the workers completely or

partially for their low wages. On the other hand, the low prices of such a commodity enable the national economy to penetrate foreign markets.

### Two Energy Sale Prices

Essentially, the preceding analysis is not different if the local commodity consists partially of imported components. It is natural for the imports to leave their impact on the prices of local products. This impact consists of two parts, namely the prices of imports assessed in foreign currency and the value of the foreign currency. It is natural that the price of a local product will rise with the rise of the international prices of imports or with the rise of the value of the foreign currency, or with the rise of both. However, the economic authorities cannot let the prices of these commodities be set by the free interaction of the market forces if this interaction harms the economic or social goals of the national economy. It is no secret that a rise in the prices of certain products leads to a rise in the price level of the national economy generally or may harm exports. We will point out two things in this regard:

The economic authorities are eager to safeguard the freedom of the production activity, especially of the local industries, against a sudden or a considerable rise in the prices of imported semi-processed materials, particularly if this rise or part of it is due to a drop in the value of the national currency. This is because the drop in the value of the currency should be viewed basically as a means for squeezing non-essential imports.

If it is inevitable for the economic authorities but to let the international prices reflect their effect on the local prices, then this must be done gradually so as to avoid a chaotic rise in prices and the subsequent undermining of the stability required for the local production level, both in terms of production for the local market and production for foreign markets. This is similar to what has happened in the United States in the second half of the 1970's. It is well-known that the sudden rise in fuel prices motivated the U.S. economic authorities to adopt the two-price system, namely the old price and the new price. Though the situation does not call for our embarking on the details of the pricing policy, it is still necessary to point out that the basic goal of this policy is to keep the national production clear off the dangers of sudden big leaps in fuel prices and to enable the national economy to absorb such leaps gradually.

### Ghost of Increased Energy Price

A decision has been issued by the deputy prime minister and the minister of petroleum raising the prices of the oil derivatives of diesel oil [sular] and heavy oil considerably. At the same time, a decision has been issued by the Ministry of Electricity raising electricity prices also. In both cases, the large increase in prices has been confined to the industrial and production companies set up under the canopy of the law on the investment of Arab and foreign capital. In both cases, implementation of the decisions has been on a retroactive basis.

The industrial companies have hastened to demand abolition of the decision on the basis of its clear and sudden impact in raising production costs and prices. This impact is reflected clearly, for example, in the case of the Arab Porcelain Company. According to numerous studies on cost accounting, fuel represents 25 percent of the company's total costs. If we admit that the government decisions on fuel prices have



caused the diesel oil price to rise by nearly sevenfold, that of heavy oil by nearly twentyfold and the price of electricity by nearly fivefold, then this simply means that the decision will inevitably lead to raising the total costs and the sale price of the company's products by more than twofold. This is if we disregard the retro-active aspect of the decision.

The question raised now is: Is the new situation compatible with the requirements of the survival of this and similar companies subject to the provisions of law No 43? If the answer is negative, does the situation require a fundamental change in the government policies to safeguard the survival of these companies, whether the change comes in the form of abolition of the said decisions or in the form of amending the other economic policies?

The required answer appears in several points:

The rise in the price of the products of the open-door policy companies as a consequence of the rise in fuel prices exceeds by far the customs (exemptions) set to protect [local] products against foreign competition.

The fuel decisions burden the companies subject to their effect not only with the difference between the local prices and the international prices but, as a result of the drop in the value of the Egyptian pound (i.e. the rise in the value of foreign currencies), with nearly double this difference. This is explained by the fact that the Public Petroleum Authority begins with the price of fuel assessed in foreign currency and then transforms this price into Egyptian currency, regardless of whether the fuel in question is an importable or an exportable commodity.

It is well-known that if the commodity is exportable, then its price in the local market must be lower than its price in the international market by a sum equal to the transportation, insurance, commission, marketing and storage costs. This is the least to expect. Add to this the fact that if the commodity is exportable, then assessment of its price in the local market must take into consideration the drop in the average price of the unit exported if the local consumption of such a commodity is offered to the international market.

The statement that the fivefold increase in electricity prices is based on the fact that the previously prevalent prices contained a concealed subsidy is a statement that is not based on sound economic calculation. If the cost of a unit of electricity has to be tied to the cost of its production, then we must take into consideration the elements of this cost. It is well-known that a part of the electricity production in Egypt relies on local elements, namely the part generated by way of the waterfalls, and that another part is generated through the use of fuel. It is also well-known that the cost of a unit produced in the second way exceeds the cost of a unit produced in the first way. It is also known that the use of fuel in the production of electricity is an inevitable result of the inadequacy of the electricity produced by way of the waterfalls to meet the local electricity consumption needs. This explains the increase in the cost of electricity production in Egypt. The meaning of the recent decision is to burden the companies subject to law No 43, to the exclusion of all others, with the price compatible with the highest cost for electricity production in Egypt. This consequently means that the increased electricity production costs in Egypt have been the result of the increase in consumption caused by the companies subject to law No 43 and not others. This logic cannot

withstand sound economic analysis. It may be acceptable that the companies set up in accordance with law No 43 pay an electricity price compatible with the average cost of producing an electricity unit in Egypt, provided that such a burden not result in harming considerations of competition or other economic or social goals.

A selective price policy is a must as long as the ultimate goal is not to harm the living standard of certain classes. It is essential to note in this regard that the production of sanitary appliances and glossy ceramics that are necessary for low-economy and middle-income housing represents no less than 80 percent of the total production of the Arab Porcelain Company.

#### **Burdens and Advantages**

The advantages offered by law No 43 on the investment of Arab and foreign capital have formed one of the fundamental justifications on which the government decision to apply international prices to the energy used by these companies is based. Such a justification raises a number of facts or, to put it more precisely, a number of principles:

The advantages offered by law No 43 have not been granted in a haphazard manner. They have been found on the logical basis that new projects are usually in a poorer position in terms of (organization) than already existing projects, regardless of whether the latter are part of the national economy or of a foreign economy. This means that the government has ended up abolishing indirectly the advantages of investment in accordance with law No 43. This is an unacceptable consequence. Moreover, the advantages given have been given to industries essential to the national economy. Furthermore, the total exemptions from the commercial profits tax and from the customs fees given a company [set up in accordance with law No 43] in the next 5 years amount to nothing in comparison to the burdens that the company will shoulder during the exemption years as a result of the increase in fuel prices. The total value of the advantages is less than the value of the fuel price difference in a single year.

8494

CSO: 4802

## SELECTIVE APPLICATION OF INCREASED ENERGY PRICES RECOMMENDED

Cairo AL-AHRAM AL-IQTISADI in Arabic 8 Sep 80 pp 22-23

[Article by Mustafa al-Arwadi: "Energy Price Should Be According to Production Cost"]

[Text] The set prices for the oil derivatives used for production purposes are special prices that are much lower than the international prices. Due to logical justifications, these prices have remained unchanged whereas the international prices have taken several successive leaps that have created a gap between the local and the international prices.

Despite this, the local prices cover both costs and profits and are compatible with an acceptable rule because they contain no concealed subsidy. These prices cover production and distribution costs and yield a rewarding profit for the capital invested in them. The subsidy is represented fundamentally in the subsidy for the butane gas [butaga<sup>2</sup>] which is expensive to consume by nature.

We are not calling for "uprooting" the international prices and implanting them in our local prices indiscriminately and without any distinction, especially in the broadly used intermediate [semi-processed] commodities that pervade all activities of the national economy, led by certain subsidized goods (such as bread and vegetable oils) in which the raising the prices of the intermediate commodities is tantamount to a conversion measure that leads ultimately to an increase in the oil sector revenues, along with a parallel increase in subsidy.

Therefore, we do not support the opinion that the difference in the international and local prices of oil derivatives constitutes a concealed subsidy for the sectors consuming such derivatives. We believe in the opinion that calls for calculating the cost of the lost opportunity [sic] on the basis of what is actually expected to happen. Therefore, the quantities allocated for local consumption intended to meet the basic necessities should not be calculated as international trade commodities with international prices. The value of these quantities should be calculated on the basis of cost (including profits). Thus, the export price of the international trade commodities should not be considered as reflecting the cost of the lost opportunity [for the export] of these commodities (or part of them) that are allocated by necessity for local consumption by virtue of the fact that their exportation (or exportation of the part of these commodities linked to essential [local] use) is an impossibility. Therefore, the price set on the basis of cost and profit constitutes a sound basis for the price of the oil derivatives used in the basic economic activities, both the existing and the expected activities, as long as this price is subject to the limits just defined and pertaining to essential use in the basic activities.

### Free Zones...Special Status

But there is a definite specification emanating from the general rule and compatible with it at the same time. This specification pertains to the free zone projects whose entire production is allocated for exportation and to similar joint internal projects which set aside part of their production for exportation. The application of the international prices of oil derivatives which the government has viewed as a basis for dealing with these companies in return for the investment incentives given to these companies in the form of customs and tax exemptions (effective for a period of 5-8 years), facilities for the remittance of profits and of part of the wages of foreign workers and so forth--the application of these prices is fair as long as the companies are informed of the conditions of dealing and of the prices in accordance with which the dealing will take place in terms of the basic production requirements [mudkhalat] generally and in terms of oil derivatives and energy in particular.

There has recently been complaint by some investors in the joint projects to the effect that these projects are suffering losses (either absolute or relative, in the sense of a drop in profits) as a result of dealing on the basis of the international prices of oil derivatives. These companies demand that the local prices be applied to them in return for their relinquishing the incentive advantages given to them in the form of customs and tax exemptions, i.e. these companies are demanding that they be treated on an equal basis with the local companies.

But the more important issue is to attempt to find out the sound aspects and the flawed aspects in the measures and studies concerning the new projects generally.

Perhaps what comes immediately to mind in this regard is the inadequacy of the basic studies and their failure to take into consideration the potentials concerning the prices of the production requirements [mudkhalat] and of the final products [mukhrajat]. Such consideration constitutes one of the fundamentals of project feasibility and evaluation studies. Disregard for this possibility (the possibility of application of the international prices of oil derivatives) is perhaps not justified by the absence of a statement on the part of the state (in case of the remote possibility that the state policy in this regard is not declared). This is due to the already mentioned fact that one of the fundamentals of analyzing projects is to visualize the potentials concerning both benefits and costs and to measure the sensitivity of both aspects to price changes. What this discussion may lead to is the conclusion that a project may be initially successful (despite) the haste which leads to inadequate economic studies and profitability calculations--calculations which must be made.

### Selective [tamyiziyyah] Incentives

The other issue which this situation raises is the degree of the efficiency of the incentives offered to incoming capital to participate in the development operations and to realize profits capable of attracting it to the desired spheres and activities that achieve the targeted goals (both economic and in-kind). The incentives in their various forms amount to no more than customs exemptions and similar exemptions or price incentives concerning both the (production requirements and the final products). A pause is necessary here to ponder the situation and to raise some questions as a result of the current problem. It is right for incentives to be uniform without distinction between the various incoming projects, both the projects whose production



is channelled toward exportation or toward meeting recreational needs and the projects whose production is channelled toward meeting basic needs? Or does the situation require that preferential treatment be given according to the nature of the projects and of their production and according to the degree of their consumption of the resources (and the position of these resources), thus giving preferential treatment to the investments channelled toward the desired spheres when the benefits of these projects to and their impact on the national goals are compatible? This direction is strengthened by the urgent need created by the present situation summed up in the fact that some existing joint investments are faltering whereas other projects are in a totally different position.

Perhaps the last question--and it is an extremely important question--raised by this situation is connected with the procedural aspects embodied in the studies that must be carried out for projects and in the content and extent of such studies. Establishing compatibility between the investor's goals and the national goals requires that the studies be conducted in accordance with what the international programs for preparing and evaluating projects prescribe. It may not be permissible for us to disregard or go below the minimum required by such programs because such studies on the profitability of the projects at the various levels makes it possible to conclude the policies (dealings) that guarantee compatibility between the individual and national interests and that set the incentives (both price and tax incentives) quantitatively. This quantitative limit may vary from project to project, may call for reconsidering the non-preferential treatment approach and may ultimately lead to the common goal (in addition to eliminating existing obstacles). This goal requires application of the preferential treatment, as I have already pointed out.

In any case, conducting such analyses represents, in our view, the primary sphere of the activity of the technical agencies of the Investment Authority whose basic task is, in our estimate, to establish compatibility between the investor's interest and the national interests and, consequently, to conduct negotiations that lead to a position representing a meeting point between the interests of the two sides--an interest guaranteed by the aforementioned profitability calculations which should be used as a basis for this interest and should determine its extent.

If we return to that with which we started, namely the prices of oil derivatives in particular and of the other (production requirements) in general on whose basis the dealing is conducted, it becomes possible to underline briefly what we believe in this regard, namely that the main factor determining the prices on whose basis the companies are dealt with is not essentially the ownership of a project and whether it is a joint project or a national project controlled by the private or the public sector. The main consideration is the commodity produced and its type, whether essential or luxury commodity and regardless of the producer, be it a joint project or a project with a purely national capital owned by the public or the private sector.

The rule that may be proposed as a start is that the prices of the (production requirements) of a commodity (or parts of a commodity) designated for export should be calculated at the international prices, regardless of whether the producer is a joint project or a national project, so as to preserve the local resources, especially the oil resources, to streamline their use and to avoid speeding up the onset of the energy crisis. As for the essential goods (such as bread, cement and construction materials) it is permissible to conduct the transactions on the basis of the subsidized prices for the oil derivatives and for the other (production requirements),



provided that the necessary calculations be made to realize profits for the projects producing them. Thus, the situation requires that negotiations be conducted with the foreign investors in these spheres to determine the incentives that guarantee attracting foreign investments. The well-known scientific programs should be adopted in this regard. If the preceding period has been the period of a preliminary testing, then it is certain that the adoption of scientific programs is an inevitability dictated by the evident need for streamlining the decisions.

8494

CSO: 4802

## EXPANSION OF EGYPTIAN TELEVISION

Cairo AL-AHRAM in Arabic 4 Aug 80 p 6

[Article by Mustafa al-Damrani: "New Stage in History of Egyptian Television Begins August 15; Alexandria Station to Cover Northern Coast by Year's End; Al-'Arish Station Starts Operations Next Year"]

[Text] Egyptian television is scheduled to undergo total modernization next August 15. Channels 5 and 9 will be separated according to Safwat al-Sharif, president of the board of trustees. This separation has two important aspects. The first implements President Sadat's directive calling for Egyptian TV to reach all parts of the republic, so that citizens everywhere can see Egyptian achievements.

The second recognizes the necessity of creating a technical and administrative entity for each channel, so that there will be maximum competition, innovation, and advancement. These developments will serve a viewing audience that has steadily increased in numbers during the past 20 years.

Al-Sharif spoke of the developments commencing August 15 saying that channel 5 would be an official channel and would be adequately funded. The channel's philosophy would appeal to the citizenry's interests and would cover political, intellectual, literary, and technical events. Political programming would occupy a large time bloc and would reflect what is going on in the country. Events would be covered in a modern method with world news telecast via satellite as it occurs. Newscasts would contain voices and pictures of events. Internal affairs would be covered in an attractive modern fashion, social and local issues featured in a new format, and artistic evening programs presented. Channel 5 would continue to telecast twice per day, once in the morning and once in the evening.

### Channel 9 To Telecast Once Per Day

A comprehensive plan for channel 9 has also been drawn up, permitting telecasting only once per day. The plan calls for monetary revenues from the channel, something that will benefit the entire television system. Channel 9 will offer modern advertising and services to the commercial sector. Television will thereby become less dependent upon government appropriations. Advertising revenues will be used to modernize machinery, equipment, and programming as well as to increase salaries. Channel 9 will be a commercial channel, moving along at a fast pace and featuring modern advertising techniques.

Cultural programming will increase on channel 9; cultural, educational, and high quality artistic shows will be featured. Advertising will decrease greatly on channel 5, but will increase considerably on channel 9.

#### Alexandria Television

Sharif says that concurrent with these developments he is required to study problems relating to poor reception on the west coast, at Matruh and al-Sallum. Hence he visited the Alexandria station and studied problems first hand with the engineers and technicians. He found that certain fixtures necessary for the station's operation have been out of order for a year and that a particular type of pulley is missing. He issued an order to the television engineers to provide the money necessary to repair things. Contracts with appropriate companies have been let, so the problem will be fixed in at least 6 months. Starting next January clear reception will be available on the west coast, in Sallum, and Matruh.

#### October Celebrations to Reach al-'Arish

The decision to separate channels 5 and 9 took into account events in al-'Arish. Mrs Himat Mustafa, president of the television system, Ahmed Sa'id Amin, vice-president, and Sharif met numerous times and extensively studied methods whereby Sinai and al-'Arish could be provided television reception. It was decided to import the necessary equipment and build an al-'Arish TV station. Contracts were let so that Egyptian TV will arrive in these areas by October 1981.

#### Higher Planning Committee

The new organizational structure and the separation-modernization decisions, which will be demonstrated to the citizenry starting next August 15, has caused al-Sharif to issue several directives. The most important calls for formation of a higher planning committee in order to lay out a new policy for programming on the two channels, so as to achieve informational, cultural, educational, and entertainment objectives. Services are to compliment one another and offer competition in both form and content. This committee will include Himat Mustafa, Ahmed Sa'id Amin, Hamada 'Abd al-Wahab, Shirwit Shaf'i, and a commercial sector representative.

#### Channel Five's Board of Directors

A board of directors for channel 5 will be formed. This board will help the channel's manager with his daily work and decision-making. It will suggest policies to be followed, particularly regarding the channel's proposed annual budget. Everything will be undertaken according to television policy and the decisions and recommendations of the board of trustees, visiting members, and a committee of administrators. The channel's manager and board of directors will meet every morning to discuss matters brought before them, study these matters, and to form a programming committee. This committee will relay appropriate decisions to the channel's manager. The channel's board of directors will be guided by the channel's administrative and technical auspices. Hamada 'Abd al-Wahab, president of channel 5, will head that channel's board of directors.

#### Channel Nine's Board of Directors

A board of directors for channel 9 will be formed to help the channel's manager administer daily affairs and to suggest policy, particularly regarding the channel's proposed annual budget. Decisions of the board will take into account recommendations of visiting members and the program directors' committee Mrs Shirwit Shaf'i, president of channel 9, will head the board.

The new organizational structure includes creation of a special committee for each channel, so as to allow creative talents freedom to work in the organization, starting from August 15, in a spirit of modernization and excellence.

The channel 9 committee includes 18 persons working in television with the following specialities:

Hamada 'Abd al-Wahab, president  
Amal Mikawi, educational programming  
Ibrahim al-Shakankiri, drama  
Farida 'Araman, documentaries  
Hind Abu al-Sa'ud, variety shows  
Ahmad 'Izat, live programming  
Mohamad Raga'i, children's programming  
In'am Mohamad 'Ali, women's programming  
Fu'ad Shakir, religious programming  
Fayza Wasif, foreign/export programming  
Hassan al-Saghir, social programming  
'Abd al-Karim Abu Sayf, sports  
Ibrahim al-Ghorab, preparation and production  
Samiha Gibril, revision  
Firyal Salih, announcing  
'Abd al-Salam al-Nadi, news

#### Channel nine's committee includes:

Shirwit Shaf'i, president  
Zaynab Yassin, revision  
'Aida 'Abd al-'Aziz, imported programming  
Madiha Kanai, women's and youth programming  
Kawthar Heikal, cultural programming  
Mohamad 'Awia, religious programming and preparation  
Hamida Hamdi, announcing  
Fathi'Abd al-Satter, variety programming  
Moustafa al-'Anani, population and family planning programming  
Imma'il 'Abd al-Fattah, sports  
Salah Samhan, children's programming  
Hamdi Yusuf, production  
Mahmud Sami Kha'il, social programming  
Nawal Siri, news

The new structure provides for the appointment of Ibrahim al-Shakankiri as producer and director of studio 11. He will be responsible for meeting the requirement of 125 hours' production annually. Yehia al-'Almi has been appointed director and producer for studio 5, which will specialize in productions for both channels plus shows, plays, and musicals.

Yusuf Marzuk has been appointed director and producer for studio 2. He will be responsible for 125 hours of annually required production.

The new structure calls for formation of a committee to specialize in policy, planning, and implementation for drama and film production. This committee will be comprised of:

Mrs Himat Mustafa, president  
Ahmad Sa'id Amin, deputy  
Mohamed 'Abd al-Fattah  
Hamada 'Abd al-Wahab  
Shirwit Shaf'i  
Fahmi Hassan  
Manduh al-Lithi  
Ibrahim al-Shakankiri  
Yusuf Marzuk  
Yehia al-'Almi

This committee will also set separate budgets for each unit, e.g., videotape, information, and will approve cinematic and video production planning at least 6 months in advance.

9669

CSO: 4802



## JOINT ACTION ON NILE BASIN DISCUSSED

Cairo AL-AHRAM in Arabic 25 Jul 80 p 18

[Article by Ahmad Nafii: "Egypt: What Is Extent of Its Need for Fresh Water or What Is Truly Called 20th Century Oil? Truth of Ethiopia's Position and Extent of Its Cooperation With Nile Basin Countries; What Is Position of Nile Basin Countries in Face of First Practical Test for Setting Nile Basin Authority and Toward Transfer of Technology in Sphere of Water Resources; Preparation of Joint Plans To Regain Lost Resources and To Extend Study on Equatorial Lakes for 2 More Years?"]

[Text] The Nile basin countries have agreed on a new phase of cooperation which has its goal and its means. The goal is to agree on plans for the nine countries over whose lands the river spreads its power--plans which these countries will implement for the good of their peoples. The means in the present phase is to complete the hydrometeorological studies on the equatorial lakes basin. These are the studies which the Nile basin countries started in August 1967 in two phases, the second of which will end with the end of this year.

This agreement embodies a new step in a pioneer work adopted by all the countries overlooking the same river. This work has come as a result of the increased awareness of the importance of cooperation among the Nile countries to realize the maximum advantage possible from the resources of the river for the benefit of all the countries concerned. The agreement has also come as a natural result of the years that have witnessed for the first time cooperation among technicians from various countries in united studies to control the river water and to prepare for regaining the resources lost in the upper equatorial areas.

This agreement was reached in an extraordinary meeting held by the Technical Committee in charge of the project for the studies on the equatorial lakes basin. This extraordinary meeting was held in Cairo on 9 and 10 July because the second phase of the project ends next December. This has made it necessary to determine the future of the project and to decide on the idea prevalent among the parties concerned, namely the idea of setting up a Nile basin authority similar to the Joint Egyptian-Sudanese Committee for the Nile Water.

At this meeting, which was attended by representatives of all the Nile basin countries, including Ethiopia, several issues were decided, the most important being:

First, extend work in the project for 2 more years, beginning in January 1981. One of the goals of this phase is to improve verification of the measurements made by the "mathematical model" set up to measure drainage in any part of the equatorial lakes by gathering more data, by training the engineers of the countries involved in the project on the model and by continuing the studies on the [water] storage systems and potentials.

'Abd-al-Badi' Abu-al-Huda, an Egyptian engineer, has been chosen director for the first year of the extended period of the project. (Boshijia), a Tanzanian engineer, will be in charge of managing the project in the second year.

Second, urge the Nile basin countries to define their position in principle via-a-vis the idea of setting up a technical authority for the Nile basin countries. It was deemed fit to decide on the idea in principle before embarking on the details and on drawing up the agreement concerning this idea.

Third, the Technical Committee has proposed that the project's goals after the 2-year extension be the following:

A. Continue gathering and analyzing data, storage studies and national plans for exploitation of the water resources.

B. Transfer technology in the sphere of water resources, including underground water resources, to all of the basin's countries.

By analyzing these decisions, it becomes evident that there is full conviction on the need to extend the duration of the project which was motivated by the interest of the Nile basin countries in agricultural expansion as a means to raise the living standard of their peoples. It also becomes evident that there is more than just a feeling of satisfaction with the results realized so far and with the goals set for the coming phase, namely exploiting all of the Nile's resources--foremost of which is regaining the resources lost to the swamps spread throughout the equatorial areas. The specific loss estimated so far (a loss occurring in Sudan's territories) has been calculated at 36 billion cubic meters [annually], not to mention other losses that have not been calculated so far due to factors beyond the control of the technicians. Despite this, the outcome of the Cairo meeting is considered a practical test for the intentions of all the Nile basin countries, especially those of Ethiopia because Ethiopia has to decide right away the extent of its readiness to march forward with the other countries toward setting up a Nile basin authority to utilize and use to advantage all of the river's resources. The other countries called upon to take part in the joint action in this sphere are: Egypt, Sudan, Uganda, Kenya, Rwanda, Burundi, Tanzania and Zaire.

When we single out Ethiopia in particular to this regard, we do not do so out of bias or out of unfairness but because Ethiopia is the only country that has come up with feeble excuses to disavow the international agreements on the Nile River and to deny the gained rights of one of the river basin's countries. Ethiopia's latest attempts in this regard have been its statements that Egypt has conveyed the river water to the Sinai without consulting its partners in the river. Moreover, Ethiopia has procrastinated for years in joining the Technical Committee for the present studies on the upper equatorial lakes. It was finally compelled

to join the other countries on the basin as an observer just to keep abreast, it seems, with the ongoing negotiations. For these reasons, the parties concerned familiarized the Ethiopian delegation during its presence in Cairo with Egypt's current and future projects. During its stay, the Ethiopian delegation also visited the canal area and saw the old and new culverts carrying Egypt's share of the Nile water to the Sinai lands. The delegation was even familiarized with Egypt's real share which is hardly enough for Egypt and saw how Egypt re-uses drainage water after mixing it with fresh water.

#### National Plans for Exploitation of Nile

Therefore, it is true that the decisions represent a practical test for the intentions of each state because the Nile countries are now required to prepare a national plan for exploiting their water resources. These plans are closely linked with the projects for the full exploitation of the Nile waters and they all represent inseparable links in one chain. The water resources include, naturally, the natural rivers, rainwater and underground water. All of these are elements which ultimately determine the need for major irrigation projects, the site of such projects and the extent of the projects' effects on the countries' relations with one another, the extent of the advantage taken of such projects and the method of operating the projects.

For example, the needs of the countries of East Africa are different from those of Egypt and Sudan. The East African countries are in dire need of energy which can be generated through the construction of a dam on Lake Mobutu (Lake Albert formerly). The construction of such a dam seems necessary to realize the desired benefit from several water control projects on the Nile River, including the pioneer project being currently implemented by Egypt and Sudan in al-Sudud (Dams) area in southern Sudan through opening the canal known as the Jongli Canal.

In its first phase, which will end in 1984, this project will save 4-5 billion cubic meters of water wasted in the area of plant obstructions. In the second phase this water volume will be doubled, provided that the Albert (Mobutu) dam be built to regulate the flow of water in quantities compatible with the canal's capacity. This means that Egypt and Sudan want water to be stored in Lake Mobutu to secure a steady water flow from Uganda's lakes (the upper sources) to Bahr al-Jabal and then to the White Nile in Sudan.

Thus, the river countries meet on the need for drawing up joint plans to exploit the river resources in a manner that yields varied benefits to each of these countries. It must be acknowledged that all the Nile River countries are in need of its hidden resources. But the kind differs from one location to another. For example, the countries flooded by tropical rains for more than 6 months a year do not need to store water for lean years, keeping in mind that the cost of water storage projects is enormous. However, these countries may be in need of electricity. Consequently, it becomes vital that agreement be reached on the types of projects that realize the goals of the Nile basin countries, despite the difference in these goals. The way to achieve this is multisided joint action using various means.

## Preserving Natural Resources

This leads us to the issue of explaining the increased need for fresh water in every part of the world, considering that fresh water is the cornerstone in any agricultural or industrial progress. Fresh water, in the words of Engineer Muhammad 'Abd-al-Hadi Samahah, the minister of irrigation, will pose the most serious crisis in natural resources in the last decade of the 20th century. As of this time, fresh water is the oil of the 20th century.

This is why the minister of irrigation believes that Egypt is facing at present and will face in the future a heavy burden to preserve its natural resources, the most important of which is fresh water. Egypt must confront with all its capabilities in the various spheres any attempts to reduce any part of this resource, regardless of how meager. Egypt is a desert country in which there is almost no rainwater. Moreover, the underground water which Egypt contains and which is economically usable for various purposes is limited in volume. Therefore, any expansion in agriculture, drinking or industry depends fundamentally on the Nile River waters which God has given Egypt and its people as a blessing. Throughout our long history, the Nile has continued to carry a vastly abundant wealth between its banks and Egypt owes its existence and its entity to this great river. There isn't in the entire world a country whose life depends on a river as Egypt's life depends on the Nile River waters.

This fact has been firmly established in the minds of Egyptians since the beginning of time, says Engineer Samahah, one of the men of the fourth generation of Egyptians who have been working to control the river and who have turned it into something like an ascetic who glides quietly and who desires nothing more than a sustenance from life. After being uncontrollable and inclined toward flooding here and there and destroying land, crop and life, major engineering works have been carried out to harness this river. Mina built the river's northern bridge to secure the country's safety and to preserve the civilization of the deep-rooted Egyptian people. Then Mina's successors came and built dams, barrages and storage works to preserve billions of cubic meters of the river's golden waters which used to flow into the sea. Thus, the Egyptians have continued to live in a long and hard struggle to tame the river and to exploit it properly and the Nile has continued to be a vast sphere in which Egyptian engineering art has roamed, innovated and created to save the river's civilization from drowning and destruction and to build on the river's gates [ma'abir] the most ancient civilization known to the world generation after generation.

## Egypt's Rights to Nile Waters

Within the framework of the serious and purposeful efforts to preserve every drop of the river's water and to develop its resources, the Egyptians started to contact the fraternal countries on the Nile basin to agree on the ideal method for exploiting and developing the waters of this great river in the interest of all the Nile basin countries. On 15 May 1902, an agreement was concluded between Britain and Ethiopia on the demarcation of the Ethiopian-Sudanese borders. Even though the treaty was intended fundamentally for stabilizing the borders between the two countries, it did, however, include a pledge on the part of the Ethiopian

king not to issue any orders or permit the issuance of any orders regarding any works on the Blue Nile, Tana Lake or (al-Subat) River that could obstruct the flow of their waters into the Nile River unless the Sudanese government approves such works in advance. In 1929, a Nile water agreement was concluded to control the use of the river water in Sudan so that such use may not affect Egypt's gained right and natural right to the Nile waters. The agreement contained mutual assurances, to which Britain was a party, that no irrigation or power-generating projects would be set up without prior agreement with the Egyptian government.

In 1949, the Egyptian government began to think of implementing the projects connected with its water policy which had been formulated in 1933, including the country's agricultural expansion program until 1953, within the limits of the additional storage water produced by elevating the Aswan Dam for the second time, construction of Jabal al-Awliya' Dam and continuous storage in the equatorial lakes. As a result of the Ugandan government's consideration of exploiting the Victoria waterfalls on the Nile River to generate power by building a dam for this purpose, the Egyptian government thought of turning toward water storage in Lake Victoria and coordinating the two countries' interests in this regard. Negotiations were held for Egypt's participation in this important project from the start in terms of design, construction and operation of the dam after its completion, with participation in the dam's costs and its annual operation costs in view of the common benefit accruing to both countries. Agreement was actually reached to build this dam near Owen waterfalls so as to benefit from the constant water storage in Lake Victoria and to form a reserve in the lake for Egypt's benefit. Agreement was also reached to send Egyptian engineers to the dam site to take part with the Ugandan officials in supervising operation of the dam to realize the interests of both Egypt and Uganda. This vital accomplishment is still serving the purpose for which it was constructed through cooperation between the Egyptian and Ugandan technicians.

Within the framework of these various agreements, major works have been built on the Nile River outside Egypt's borders. Sannar Dam was built on the Blue Nile in 1935 to serve Sudan. Jabal al-Awliya' Dam was built in 1937 in the interest of summer cultivation in Egypt, considering that annual storage in this dam amounts to nearly 3.5 billion cubic meters. However, all these agreements do not meet Egypt's needs to exploit its historical and natural right to the Nile River waters. This is why Egypt concluded with the fraternal Sudan on 18 May 1959 an agreement for the full utilization of the river waters. Under the canopy of this agreement, projects were built to control the river and to divide its benefits between the two countries. In accordance with this agreement, Egypt built the High Dam near Aswan and Sudan built Al-Rusayris Dam on the Blue Nile. The agreement also provided for Sudan to construct any other works which it deems necessary for it to exploit its share of the waters, including the Jongli Canal which is being built at present.

This agreement, in accordance with which the Joint Egyptian-Sudanese Technical Authority for the Nile River Waters was formed, constituted the beginning for agreement with the countries overlooking the equatorial lakes plateau to cooperate with the UN Development Program by setting up the Technical Committee for conducting hydrometeorological studies on the equatorial lakes basin. The work of this committee has developed in a manner that heralds formation of a technical authority for the Nile basin countries.



The only thing lacking for the creation of this authority is the political decision that will enable it to start its studies for implementing the major projects in light of the existing and future studies.

#### Initial Projects of Common Interest

There is a semi-agreement in principle on the projects whose implementation is urgent, including:

Use of the equatorial lakes as large storage sites that regulate the volume of water flowing from them so as to make the water inflow into Sudan, including runover, constant and as close to the average as possible.

Raise the capacity of Bahr al-Jabal in Southern Sudan.

Establish partial storage in Bahr al-Ghazal basin in Southern Sudan.

Build storage facilities in al-Subat River basin and look for storage [sites] in the upper Blue Nile River in Ethiopia.

Generally, the initial estimates of the waters that can be supplied--estimated near Aswan--after the construction of some of these projects amounts to nearly 18 billion cubic meters of water which will be divided equally between Egypt and Sudan. These projects, whose initial construction costs are estimated at 700 million pounds, will save nearly 7 billion cubic meters of water lost in the obstructions area between Jongli and Malakal, a similar quantity of water lost in Bahr al-Ghazal basin and 4 billion cubic meters lost in Mashar swamps. This concerns the water projects that can be exploited in the area of the equatorial plateau and down to Sudan only. The costs do not include those of the other projects connected with these storage projects, such as the projects to exploit the waterfalls in the interest of all nine countries.

#### Inevitability of Cooperation for Common Goal

In this regard, Engineer Samahah says that it is evident that reaching the goal of controlling the Nile, of making full use of its resources and of building the projects that increase its yield and reduce the loss throughout the river's course cannot be easy unless firm technical cooperation is established among all the countries located on its basin. Each of these countries must understand the rights that the other countries have to this common river. The countries located near the source or near the upper Nile should not imagine that the water flowing in their territories belongs to them solely or is their exclusive property to dispose of in any manner they wish. They must feel the opposite and must think that any project to utilize the river must be agreed upon in advance with the other countries that may be affected by such a project. This principle cannot diminish the sovereignty of a state over the part of the joint river's course that passes through its territories but indicates respect and concern for the common partnership and is compatible with the rules and spirit of the international law.

The minister of irrigation adds that he hopes that Ethiopia has been convinced through its participation in the Technical Committee's meetings in Cairo of the advantage of sincere cooperation among the river's countries. Egypt still welcomes, as I have made clear in my statement to the People's Assembly, anyone who wants to work to develop the Nile River waters for the benefit of all of the river's sons and within the framework of the international law and convention and of the bilateral or multilateral agreements concerning the Nile, as well as within the framework of respect for the rights of utilization of the various countries.

In contrast to Ethiopia's position, Egypt believes in the necessity of starting immediate contacts with Ethiopia to study the hydraulics of the Ethiopian [river] sources because of their major significance insofar as the Nile waters are concerned. This doesn't mean that Egypt doesn't approve of the projects being built in the Ethiopian plateau. However, the technical studies necessary for the phase of exploiting all the river sources and tributaries in an ideal manner is a totally different story. Ethiopia has before it the example of the spirit which motivated the East African countries to take voluntarily the initiative of cooperation in discovering all the wasted resources in the equatorial lakes, in the tributaries and in the streams that flow into them with the aim of embarking on joint action to regain these wasted resources.

#### Energetic Policy on Nile

The minister of irrigation points out that Egypt has received this initiative with the interest it deserves. Egypt has been and will always be active insofar as the Nile waters are concerned. Egypt has also always been eager to strengthen cooperation with the Nile countries and has been a pioneer in the sphere of creative cooperation among the nine countries. Egypt's relationship to the Nile has never been confined to the mere use of the river waters. This relationship has gone beyond to broader and more comprehensive spheres so that the Nile may truly become "the blessing of the Egyptians." Egypt does not conceal its projects and its need for the river water. The increasing mouths year after year, according to Engineer Samahah, require new land to be added to our arable area in order to meet the needs of these enormous numbers. In the year 2000, Egypt's population will amount to 80 million persons. To maintain the individual's current share of land (0.17 feddans per capita), we need to increase the cultivable area by at least 7 million feddans. This turns the need to secure the water necessary for these lands into an enormous national undertaking.

It is also for this reason that Egypt seeks creative cooperation in implementing projects in the interest of the Nile peoples. Egypt has given the example for this cooperation in all the major projects in which it has been involved as a party.

Egypt acted with full abidance by the international principles when it constructed the High Dam in cooperation with the fraternal Sudan and, previously, in constructing the Owen Dam in Uganda. Egypt has paid full reparations for the lands submerged as a result of construction of the two dams. Egypt expects Ethiopia to observe these principles which commit all the countries along the sources of the Nile River to consult with the countries at the mouth of the river before

constructing any works on the river that could pollute its waters, obstruct their flow or undermine any part of the natural or gained right of the countries at the mouth of the river. This is what Ethiopia is not observing at present by taking measures to implement some projects that may change the long-established legal system [status] of the Nile. This is something that neither Egypt nor the other Nile countries can accept.

#### Required Understanding and Sound Commitment

It is obvious that Ethiopia has resorted to diverting attention from its attempt to violate the international law by claiming that Egypt is violating the principles of the legal system [status] of the Nile River by diverting a part of the river waters to Egyptian territories in the Sinai without consultation with the other Nile countries. Ethiopia has disregarded several fundamental facts in its claim, the first being the fact that the Sinai, as Egyptian territory, is a part of the Nile basin and that every inch of its lands is entitled to be irrigated by the Nile waters within the framework of the use of Egypt's gained right and natural right to the Nile waters. One of the seven branches of the Nile, known as (al-Bayluzi) branch, in reference to the town of (Bayluz) or al-Tinah, used to flow into the Sinai and pour into al-Bardawil Lake which has gained its suitability for breeding certain types of fish from the silt settling in it. This is something proven by the atlases. The second fact is that there is no law or convention that commits the countries on the mouth of a river to consult with the countries along the sources of a river before using their rightful share of the water in any part of the country. Such commitment exists in one case only, namely when the country at the mouth thinks of building a dam that may submerge any lands in the country at the source of the river. This is something by which Egypt abides.

The importance of the Nile river projects thus becomes obvious. The problems of these projects are big and many-sided. The countries of the Nile basin are numerous and their goals are different. Yet, there is no alternative before these countries to the cooperation that takes into consideration only the common interests in total freedom from the political whims and even in freedom from the differences in the social systems--a cooperation that asks to regain the wasted resources. There is no alternative before these countries other than setting up the proposed authority for the Nile basin--an authority that comprises all the parties concerned, including Ethiopia. This is not difficult to achieve by the Nile countries if the concept of fraternity, sincerity and peace for the interest of all the peoples is firmly established in these countries.

8494

CSO: 4802

THIRD FIVE-YEAR DEVELOPMENT PLAN ANALYZED

Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic Oct 80 p 35

[Article: "The Third Five-Year Development Plan: Saudi Labor Force...For Saudi Arabia"]

[Text] It was a big surprise when the broad headlines revealed the Third Five-Year Development Plan for Saudi Arabia. Contrary to the expectations of the majority of the observers, it did not vary much from the Second Five-Year Development Plan. In fact, and to some extent, it complemented it on the economic and social levels. It also reflects the weight of a class called the "nonruling technocrats." This plan was also considered as "liberal radicalism" among the circles of businessmen.

Plan Objectives

The plan concentrates on the development of Saudi labor, modernization, development and evolution of cities and of rural areas as well as the evolution of the social sectors. In order to accomplish all of this, \$300 billion have been allocated to the plan, \$50 billion of which have been added as reparations for inflation which is expected to reach an annual average of 7 percent throughout the 5-year period (1980-85). Comparing the third plan with the second plan, allocations for expenditures have been increased at a rate of 36 percent or an increase from \$44 billion to \$59 billion.

This increase, for a country like Saudi Arabia, is causing considerable speculation. How could the Saudi community bear the weight of the economic changes which the plan will fund? According to Sheikh Hisham Nazir, the Saudi minister of planning, the case is not how these monies will be expended, but what should be done to increase the returns on the investments and make the plan a success. Clearly, the events at Mecca did not give enough warning to the Saudi leadership as if to say: "Decisions are irreversible." How could this be possible and Saudi Arabia produces 9.5 million barrels of oil per day and the country itself is in need of no more than 5 million barrels per day? Juhman Ibn Said al-Attiba, the leader of the Mecca operation, has repeatedly responded by saying that Saudi Arabia will not decrease its oil production, as the plan has adopted, but that expending such huge amounts would require changes to be made in the social structure. The opponents of this idea have decreased in number and the reason is obvious: the industrial and agricultural investments will absorb 36.3 percent

of the amounts allotted for the 5-year period, and this equals the size of the expenditures provided for in the general projects category which was 50 percent, then dropped to 35.5 percent in the new development plan. The Saudi government also wishes to construct 1,150 new factories.

The social effects are apparent: immigration from the rural areas into the new and old cities to form the new labor class, or the increase of foreign immigration into the labor market of Saudi Arabia. The seriousness of both effects are obvious. For this reason, several ministries have joined in to limit the social dangers. The Ministry of the Interior will have the task of stopping the foreign labor influx, and, indeed, it has already begun doing so. The Ministry of Labor will have the task of starting a campaign to increase the Saudi's interest in work. Despite the concentration of cash on the former development plan (because it increased the immigration of the labor force from rural areas), the new development plan stressed the priority of the formation of a qualified labor class. The Ministry of Labor revealed the statistics that out of 2 million workers in Saudi Arabia, 1.5 million are not Saudi citizens, and it is expected that their number will increase in 1985 by 500,000 workers. Thus, sharp criticism of the curriculum has been pouring at the Ministry of Education. What is needed is not constructing university buildings as much as opening training institutions. On this basis, and according to these terms, 19 percent of the expenditure category, allocated for the whole plan, has been set aside for education and training purposes, instead of the 15 percent previously allotted in the second development plan.

The problem is that the Saudi citizen refuses to "dirty his hands" at work. He refuses to work in construction projects, which may earn him 50 dinars per day. He refuses to work in factories and refuses to work as a taxi driver, which may earn him 300 dinars per day. The Saudi, instead, prefers to work in offices leaving the field open to foreign laborers in the industrial and construction sectors. If the government wanted to reduce the rate of foreign labor by 55 percent, as adopted by the new development plan, it is then necessary to decrease the employment opportunities in the field of services, and this is what the minister of planning had promised when he said: "We must clean the departments."

The problem does not only lie in the fact that the Saudi does not like to do "dirty work" but it is also his refusal to change the nature of the social relationships which are the direct outcome of the revenues of oil and investments. Also, the problem lies in particular with the role played by women on the economy. She is no longer restricted to staying within "four walls." The minister of planning favors the policy of openness, as it relates to women. In his opinion, the problem cannot be summed up in a "yes" or "no" answer. But what kind of role can a woman play and how. First, education for women shall become legally binding. Second, it is necessary to reduce the difficulties which stand in her way while seeking employment in the area of services. It seems, however, that women who are graduates of higher institutions perform better quality work than do their male counterparts, according to the view of one businessman. He also added that the Saudi woman refuses to be treated any differently from the way the Lebanese and the Syrian women working in Saudi Arabia are treated.



### Speeding Up the Process of Industrialization

Labor, the role of women, the formation of the Saudi labor class, all of these are problems that indeed delayed making public the details of the development plan, according to a report published in the "Middle East Business" magazine. Sooner or later, these issues will become the axis for the development of Saudi Arabia. The government wants to speed up the industrialization process regardless of the cost, and, of course, the cost is very high. The Saudi government has adopted a plan to encourage foreign industrial investments within the framework of the new development plan guaranteeing every investor 500 barrels of oil per day for every \$1 million invested in the heavy industrialization area. Also, the development plan makes a provision for the second year (1981) by allocating \$73.6 billion, which is an increase of 27 percent over this year's budget for the plan. It also shows budgetary provisions for the vitalization of local governments and municipalities.

With the start of this new development plan, foreign ministries have begun making trips to Saudi Arabia to help implement the projects of the plan. In this race, the United States will get a big share especially since it holds the position of being the biggest exporter to Saudi Arabia. Last year alone, the United States exports totaled \$5 billion and this year's exports may reach \$6 billion. Since the new development plan raises the total imports to about \$30 billion (U.S. Department of Commerce projects this figure would be \$36 billion), as noted, the expectations of the United States are more optimistic, as opposed to the pessimism shown by the observers of the events at Mecca.

9770  
CSO: 4802

END

**END OF**

**FICHE**

**DATE FILMED**

December 12, 1980

D.S.